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DEPT FOR WHA/CEN - ROIS BEAL

E.O. 12958: N/A

TAGS: EFIN PGOV PREL BH

SUBJECT: BELIZE'S MISSING VENEZUELAN MILLIONS

REF: BELMOPAN 29

¶1. (U) On December 28, 2007, the Government of Belize received a US \$10.0 million grant from the Government of Venezuela. The money was earmarked for home investment, social projects, and a new sporting complex in Belize City. The outgoing government went on a spending spree and disbursed the entire grant to "the needy" in the run up to the February 8 election sparking accusations of vote buying (REFTEL).

¶2. (U) On February 26, the newly elected government released a letter from Luis Arias Bellorin, Vice-President of BANDES (Banco Desarrollo Economico y Social de Venezuela), to Belize's Foreign Ministry, dated the day of the election, that requested an accounting of the spending. The government and press quickly focused on the Venezuelans' request for an accounting of their "US \$20.0 million grant" - twice the amount that was reportedly received.

¶3. (U) The Central Bank subsequently confirmed that on December 28, 2007, US \$10 million had been received through the Bank's account at the Federal Reserve in New York. The Financial Secretary, Joe Waight, told Emboffs that the Government of Belize had received that amount, but he could not say if other money had been deposited in a non-government account. On February 26, a letter was sent to Venezuela asking for clarification. Former PM and Minister of Finance Said Musa has not made a public statement. The former governing party simply accuses the new government of "playing political games with Belize's bilateral relation with Venezuela." On February 29 the Financial Secretary reported that no response had been received from the Venezuelan Ambassador or the government and as a consequence the GOB planned to send a follow-up inquiry.

¶4. (U) Recent press accounts report that essentially all of the US \$10 million was disbursed by the Musa government leading up to the election.

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Comment  
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¶5. (SBU) US \$10 million may not sound like a lot, but for a country the size of Belize it is a huge sum, and following the money is the big story here currently. The flood of Venezuelan cash just before the election certainly had the appearance of a rather clumsy attempt to keep Said Musa's government in power for another term. The ability of Dean Barrow's government to obtain a full accounting for the Venezuelan money will be an early indication of how committed the new government is to cleaning up the excesses of the past, and how effective it will be in doing so. END COMMENT.

DIETER